No. 05-734

IN THE

SUPREME COURT OF THE UNITED STATES

Walter Schinzing,

Petitioner,

v.

Mid-State Stainless, Inc.

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO

THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

UNDER THE FEDERAL RULES OF CIVIL PROCEDURE, MAY A LITIGANT MOVE TO AMEND HIS PLEADINGS SO AS TO ADD A COMPULSORY COUNTERCLAIM THAT HAS BEEN LITIGATED BY CONSENT OF THE PARTIES?

MAY A PATENT LICENSOR RECOVER STATE LAW CONTRACT DAMAGES FOR BREACH OF A PATENT LICENSE AGREEMENT?

MAY A PATENT BE HELD TO BE INVALID UNDER 35 U.S.C. §102(b)AS A RESULT OF A STUDENT REPORT EVEN THOUGH THE COURT DETERMINED THAT THE REPORT WAS NOT A PRINTED PUBLICATION?

MAY A PATENT BE HELD TO BE INVALID UNDER 35 U.S.C. §102(b)AS A RESULT OF A STUDENT DEMONSTRATION EVEN THOUGH THE COURT DETERMINED THAT THE DEMONSTRATION WAS NOT A PUBLIC USE?

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PETITION FOR WRIT OF CERTIORARI

Petitioner respectfully prays that a writ of certiorari issue to review the judgment below.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Eight Circuit appears at Appendix page A-1 and is reported at 415 F.3rd 807 (8th Cir. 2005).

The Order of the United States District Court appears at Appendix page A-12 and is unpublished.

The Second Amended Findings Of Fact, Conclusions Of Law And Order For Judgment of the United States District Court appears at Appendix page A-29 and is unpublished.

The order of the United States Court of Appeals for the Eighth Circuit denying rehearing appears at Appendix page A-54 and is unpublished.

JURISDICTION

The date on which the United States Court of Appeals for the Eighth Circuit filed its decision in this case was July 15, 2005. (A-1)

A timely petition for rehearing was denied by the United States Court of Appeals for the Eighth Circuit on September 2, 2005. (A-54)

The jurisdiction of this court is invoked under 28 U.S.C. § 1254(1).

STATUTES AND RULES INVOLVED

1. Rule 13(a) of the Federal Rules of Civil Procedure.

Rule 13. Counterclaim and cross-claim.

(a) Compulsory Counterclaims. A pleading shall state as a counterclaim any claim which at the time of serving the pleading the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction. But the pleader need not state the claim if (1) at the time the action was commenced the claim was the subject of another pending action, or (2) the opposing party brought suit upon the claim by attachment or other process by which the court did not acquire jurisdiction to render a personal judgment on that claim, and the pleader is not stating any counterclaim under this Rule 13.

2. Rules 15(a) and 15(b) of the Federal Rules of Civil Procedure.

Rule 15. Amended and Supplemental Pleadings

(a) Amendments. A party may amend the party's pleading once as a matter of course at any time before a responsive pleading is served or, if the pleading is one to which no responsive pleading is permitted and the action has not been placed upon the trial calendar, the party may so amend it at any time within 20 days after it is served. Otherwise a party may amend the party's pleading only by leave of court or by written consent of justice so requires. A party shall plead in response to an amended pleading within the time remaining for response to the original pleading or within 10 days after

service of the amended pleading, whichever period may be the longer, unless the court otherwise orders.

(b) Amendments to Conform to the Evidence. When issues not raised by the pleadings are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings. Such amendment of the pleadings as may be necessary to cause them to conform to the evidence and to raise these issues may be made upon motion of any party at any time, even after judgment; but failure so to amend does not affect the result of the trial of these issues. If evidence is objected to at the trial on the ground that it is not within the issues made by the pleadings, the court may allow the pleadings to be amended and shall do so freely when the presentation of the merits of the action will be subserved thereby and the objecting party fails to satisfy the court that the admission of such evidence would prejudice the party in maintaining the party's action or defense upon the merits. The court may grant a continuance to enable the objecting party to meet such evidence.

3. 35 U.S.C. §102(b).

Sec. 102. Conditions for patentability; novelty and loss of right to patent.

A person shall be entitled to a patent unless--

* * *

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States,

* * *

STATEMENT OF THE CASE

This is a patent case involving a machine designed to wash wheelchairs, the idea for which was originally conceived by Walter Schinzing (Schinzing) in 1987. Schinzing filed a patent application with the United States Patent and Trademark Office (PTO) in August 1988 (the '091 application). The PTO rejected Schinzing's application as obvious in December 1988 and rejected amended applications as obvious in January 1989 and July 1989. (A-1, A-2)

Contemporaneous with the filing of the '091 application, Schinzing made arrangements with Elm Springs Enterprises to manufacture his washer. Shortly thereafter, he permitted four students from Dr. Lou Honary's Methodology and Conceptualization class at the University of Northern Iowa to analyze the washer design over the course of a two-semester class project.[1] The students recommended improvements to the washer in a written report entitled "Wheel-Chair Modifications Proposal" (the student report). The students also demonstrated a version of the washer that incorporated their recommended improvements to an audience that included Schinzing, Dr. Honary, other students and professors, partners of Elm Springs, and a member of Congress (the student demonstration). (A-2)

In October 1989, Schinzing filed a second patent application (the '119 application), which was a continuation-

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[1] The undergraduate course was part of an engineering technology program. Honary Dep. at 5. Dr. Honary indicated that the students in the program were trained to be "somewhere between a technician and an engineer with a management component to learn to manage projects." Id. at 6.

in-part of the '091 application. The '119 application incorporated the improvements recommended by the students and included several of the students' drawings. Schinzing maintained that he was the sole inventor of the modified washer. After the PTO rejected the '119 application,[2] Schinzing continued to work on further modifications to the washer. He and several other members of Elm Springs filed a third patent application in November 1990 (the '757 application). The subsequently amended '757 application presented an independent claim consisting of seven elements and a second claim dependent on the first. The PTO issued patent number 5,133,375 (the '375 patent) for the amended '757 application in July 1992. (A-2, A-3)

In April 1993, Schinzing, in partnership with a woman named Sue Spaulding (collectively, S/S Products), entered into a license agreement with Mid-State Stainless, Inc. under which Mid-State would develop, manufacture, use, and market the washer. Mid-State agreed to pay S/S Products a royalty of $400 for each washer that it installed. MidState manufactured and sold 99 washers under the agreement and paid royalties on those washers. After S/S Products terminated the agreement in February 1998, MidState sold an additional 232 washers but did not pay royalties on them. (A-3)

Schinzing sued Mid-State in Minnesota state court, alleging that Mid-State had breached the license agreement by failing to pay royalties on the washers that it sold after the termination of the agreement. Mid-State removed the case to federal court, raised ten affirmative defenses, and counterclaimed for a declaratory judgment of patent invalidity and non-infringement. The parties consented to a

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[2] Schinzing later abandoned the '119 application when he failed to respond to an August 1, 1990, letter from the PTO.

trial before a magistrate judge. After a two-day bench trial, the district court concluded that MidState had breached the license agreement and that the '375 patent was not invalid. Mid-State filed a motion to amend the judgment to include a declaratory judgment of non-infringement and a judgment that Mid-State had not breached the license agreement. The motion was denied and Mid-State appealed from the district court's denial of its motion and conclusion that the '375 patent was not invalid to the United States Court of Appeals for the Eighth Circuit. (A-3)

The Court of Appeals for the Eighth Circuit determined that it had jurisdiction under *Holmes Group v. Vornado Air Circulation*, 535 U.S. 826, 829-31, 153 L.Ed. 2d 13, 122 S.Ct. 1889 (2002), even though this case involves substantive issue of patent law that are usually adjudicated in the Court of Appeals for the Federal Circuit. (A-3, A-4)

The court of appeals affirmed the district court's ruling that Schinzing's patent is not unenforceable due to inequitable conduct, vacated the court's ruling that the patent is not valid with respect to inventorship, prior publication and public use, reversed the court's denial of Mid-State's motion to amend the judgment to reflect a declaratory judgment of noninfringement and remanded with direction to grant the motion. The court of appeals also vacated the court's ruling that Mid-State breached the license agreement, vacated the damage award and remanded the case for further proceedings. (A-10, A-11)

The court of appeals' reversal of the district court's denial of Mid-State's motion to amend the judgment to reflect a declaratory judgment of noninfringement was based on Rule 13(a) of the federal rules of civil procedure which requires the pleading of compulsory counterclaims. The court reasoned that according to *Polymer Indus. Prods. Co. v. Bridgestone/Firestone, Inc.*, 347 F.3d 935, 938 (Fed Cir.